

Message Text

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ACTION INR-11

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FM AMCONSUL DUSSELDORF

TO SECSTATE WASHDC 2347

INFO AMEMBASSY MOSCOW

AMEMBASSY BONN

AMCONSUL FRANKFURT

LIMITED OFFICIAL USE DUSSELDORF 0717

E.O. 11652: N/A

TAGS: AFIN, ETRD, UR, GW

SUBJECT: FINANCING EAST-WEST TRADE

REF: STATE 161502

1. WE MADE SEVERAL ATTEMPTS IN THE PAST AT THE TIME THE SECOND NATURAL GAS PIPE CONTRACT BETWEEN MANNESMANN, RUHRGAS, CERTAIN GERMAN BANKS AND THE SOVIETS WAS NEGOTIATED (OUR A-76 OF MAY 10, A-91 OF JUNE 2 AND 402 OF JULY 7, 1972) TO LEARN SOMETHING OF THE FINANCING DETAILS. DESPITE THE FACT THAT OUR CONTACTS WITH MANNESMANN AND THE DEUTSCHE BANK ARE VERY GOOD INDEED, THIS PARTICULAR DEAL IS VERY CLOSELY HELD AND IT HAS BEEN ALMOST IMPOSSIBLE TO DEVELOP SPECIFICS.

2. NEVERTHELESS, A JUDICIOUS MIX OF BANKING CIRCLE GOSSIP PLUS WHAT LITTLE MANNESMANN, RUHRGAS AND DEUTSCHE BANK CONTACTS WILL ADMIT MAKES ME REASONABLY CERTAIN THAT THE FOLLOWING IS THE PATTERN OF FINANCING OF THESE THREE CONTACTS, ALTHOUGH OBVIOUSLY I CANNOT PROVE IT:

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A. THE SOVIET NEGOTIATORS, FOR THEIR OWN PERCULIAR

REASONS INSIST ON PAYING NO MORE THAN SIX PERCENT FOR
THE NECESSARY FINANCING;

B. THE GERMAN BANKS CONCERNED QUIETLY ACQUIESECED IN
THE FICTION THAT THE SOVIETS ARE PAYING SO LITTLE.

C. MANNESMANN, IN COOPERATION WITH THEIR BANKING
PARTNERS, MAKES UP THE DIFFERENCE BETWEEN THE FICTIONAL
AND THE REAL FINANCING COSTS.

D. THE SOVIETS PAY THE REAL COSTS THROUGH HIGHER
CHARGES (IN TERMS OF INCREASED NATURAL GAS DELIVERIES)
FOR THE MANNESMANN PIPE.

3. AGAIN, THE FOREGOING IS SPECULATIVE, BUT PROBABLY
CLOSE TO REALITY. WE WILL CONTINUE OUR EFFORTS TO DEVELOP
THE HARD INFORMATION REQUESTED, BUT, JUDGING BY PAST
EXPERIENCE, WE ARE NOT VERY HOPEFUL. HENNEMEYER

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